

## MAYOR RAHM EMANUEL'S 2018 BUDGET ADDRESS

*\*Remarks As Prepared for Delivery*

Members of the Council, Chairman Austin, Chairman Burke, and fellow Chicago residents:

It is my privilege to present our proposed city budget for 2018.

This year, Chicago is on firmer financial footing than we have been in many years. Together, we addressed longstanding challenges within the City, overcame obstacles in Springfield, and confronted new headwinds from Washington. Chicago has not let those headwinds shift us off course. We charted a better course.

We reaffirmed our Welcoming City Ordinance and Chicago's promise to Dreamers. We redoubled our commitment to the Paris Climate Agreement, and Chicago was recognized as America's greenest city. We rejected the Trump Justice Department's blind eye to police reform, and are moving forward with the reforms we initiated with the Obama Administration.

I want to recognize a lifelong Chicagoan who is leading that effort and welcome him back to the job: Superintendent Eddie Johnson.

This year, Chicago made lasting and historic progress in Springfield. Our children and our taxpayers are finally being treated fairly by the State of Illinois, our pensions are on the path to solvency, our taxpayers are saving millions of dollars, and our future is brighter than it has been in a while.

Thanks to that progress, the children of Chicago will no longer be short-changed on fair funding for their futures. Thanks to that progress, Springfield will invest equitably in every child, whether she comes from Woodlawn or Winnetka, Edgewater or Evanston, Little Village or Lake Forest, Sauganash or St. Charles.

The decades of Illinois' unjust school funding formula are behind us. The dawn of a new day for Chicago students has just begun.

Our progress in Springfield was not confined to our classrooms. Stiffer penalties for repeat gun offenders, which Superintendent Johnson and I advocated for, have been passed into law. The reforms we fought for to put Chicago's pension funds on the path to solvency have been codified. The homeowner's and seniors' exemptions we called for to protect middle class property taxpayers and seniors in Chicago have been enacted. This will mean a \$3,000 expansion for every homeowner in the City; a 40 percent increase in the homeowner's exemption. The authority we fought for to save Chicago taxpayers millions of dollars by lowering interest cost has been won. And the resources we fought for to invest in Chicago's future have been passed into law.

This progress builds on our progress. We never asked Springfield to solve Chicago's fiscal problems. We only sought the tools to do the hard work ourselves.

Thanks to the support of this Council, the City's finances are back on track. There were political risks over the years. But you knew that politics as usual would not fix the challenges we inherited. In fact, it was politics as usual that got us into this problem in the first place.

And I want to thank all of Chicago's taxpayers for doing their part to solve Chicago's financial problems and usher in a better day. In fact, we are already seeing results, whether measured by new jobs, new companies, new industries or new graduates.

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For six years Chicago has come together, rolled up our sleeves and done the hard work of confronting our fiscal challenges.

Together, we took on a broken budget. With this budget, we will have slashed our structural deficit by 82 percent.

We moved each of our four pension funds from a path of insolvency to a path of solvency. The pension funds that for too long contributed to doubts about Chicago's fiscal health are now a factor driving Chicago's fiscal stability. When S&P upgraded their outlook for the City of Chicago to stable last year, they noted our pensions as a reason.

In addition, the days of fiscal smoke and mirrors are behind us. The days of selling off assets to balance the budget and pay Chicago's bills are behind us. The days of raiding the rainy day fund to keep the city afloat are behind us. With this budget we will continue saving for Chicago's future, rather than selling it short.

Despite all the fiscal reforms we have made and all the hard work we have done, one last budget gimmick continues to hover over the City's finances. We know it as scoop and toss. I refer to it as using the MasterCard to pay off the Visa bills. I am proud to say that with this year's budget, for the first time in over a decade, the City of Chicago will not use scoop and toss to balance the budget. We are finally putting an end to this old financial head-fake, a year ahead of schedule. It is one more sign of the progress we have made together.

Every single bad financial practice we inherited in 2011 has now been eliminated from the budget. We have traded fiscal tricks for honest books. We have put an end to the fiscal shenanigans of the past while investing in the strengths of Chicago's future.

With this budget, we will continue on the path of both reforming spending and investing in the future.

While we have done the hard work of putting our finances back on sound footing, we have simultaneously more than tripled our investments in Chicago's children. We have never and will never balance our budget on the backs of our children.

Every year we have expanded after school activities, summer jobs, Safe Passage routes and mentors. This year, we will increase our investments in Chicago's children for a seventh consecutive year.

We can make these investments in our future with confidence because we have addressed the fiscal challenges of the past with conviction.

Since 2012, working with labor, we have kept our health care costs for employees roughly flat.

In addition, we have saved \$25 million a year by reforming the way we deliver city services, including putting garbage pickup on a more efficient grid-system.

We have saved more than \$20 million by changing the way we purchase energy and by making our public buildings more energy efficient.

Another \$10 million dollars a year was saved by changing the way we lease property.

Now is not the time to take our eye off the ball or become complacent. We must continue to build on the foundation of the progress we have made together.

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Creating stability in our fiscal outlook has always been in service of creating jobs, expanding the economy and investing in Chicago's future.

This begins with a shared priority for all of us: public safety.

We all agree the level of violence in some of our neighborhoods is totally unacceptable. Whether it is in your neighborhood or not, it affects Chicago, so it affects all of us. We simply cannot rest until every parent, in every neighborhood, is able to let their children go to the park, or play on the sidewalk, or sit on the front porch free from the fear of gunshots.

That is why we are infusing our police department with the manpower, technology and training to meet this challenge head on.

This budget puts more police on the street; getting kids, guns and gangs off the street. We are adding nearly 1,000 officers to the Chicago Police Department.

Just Monday, in Englewood, we announced 82 new officers graduated field training and were being deployed to neighborhoods across the City.

In mid-November, 84 new officers will be deployed. In mid-December: 87. In mid-January: 107. In mid-February: 131. In March: 111. In April: 99. Between now and the beginning of Spring alone, 701 more officers will be deployed to neighborhoods throughout the City.

These officers will reflect the diversity of this great city, just as the Chicago Police Department has the most diverse command staff in its history.

By the end of this year every patrol officer will be equipped with a body camera, a year ahead of schedule. Every officer has been equipped with a Taser. Every officer is receiving new training in de-escalation techniques, mental health response and a revised use of force policy.

Superintendent Johnson has challenged the department to think differently and shift from reactive policing towards proactive, predictive policing.

As part of that shift, this year we set up six strategic decision centers on the South and West sides. In these districts the hard work of officers on the street is being backed up by new technology and analytics.

Overall, shootings are down 23 percent in these six districts, outpacing the citywide reduction. In Englewood, in the 7<sup>th</sup> District, shootings are down 43 percent. Homicides are down 40 percent.

But we have so much more work to do.

With this budget, we will expand this technology to six more districts covering neighborhoods from Chicago Lawn to Pullman, Roseland to South Shore, and Hyde Park to Belmont Cragin.

New technology is important but no technology, no camera or algorithm, is stronger than trust between officers and residents.

Under Superintendent Johnson's leadership, the Chicago Police Department is on the path to earning the trust of every community in Chicago. Community policing is a cornerstone of the Chicago Police Department. It is built on the foundation of trust.

An individual who embodies this philosophy is Commander Dwayne Betts, who is with us in the Chamber. We are promoting him today to the head of community policing citywide based on the record he built in Austin in the 15<sup>th</sup> District. Those who know his work know why he has earned this promotion.

But for all of our work to build bonds of trust, there is one surefire way to undo it. It is to have residents who are scared to cooperate with the police. Residents who are forced into the shadows because of the actions of the federal government.

It is for that very reason that when the Trump Justice Department tried to force an unlawful false choice between community policing and Chicago's values as a Welcoming City we took them to federal court.

Last month, Chicago won a national victory blocking Attorney General Sessions and the Trump administration from withholding grants from welcoming cities across America. Last week, that ruling was upheld. Make no mistake. This legal fight is a fight for who we are, a fight for what we believe in, and it is a fight that is far from over.

But Chicago will stand our ground in defense of our values as a Welcoming City to immigrants from around the world. Chicago will stand firm in defense of our belief in community policing. We will never waver.

That is also why we are going to create a modern Public Safety Training Academy in the West Garfield Park neighborhood. The new Academy will be a place where every first responder in Chicago receives the best training throughout their careers, not just up to graduation day. It will be a place to strengthen collaboration between Police, Fire and OEMC in emergency response. So the lessons of Paris, Las Vegas, and Barcelona can be practiced and perfected. And it will support needed economic and community development on the West Side.

We will also modernize 911 and 311. Our residents depend on them. But our systems were built for the days of landlines. We will modernize them for the mobile, smartphone era.

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We all know that public safety is not the job of the police alone. We, as a City, must continue to invest in after school and summer jobs. And we will. We, as a City, must continue to invest in neighborhood economic growth. And we will. We, as a City, must continue to reach out to children and provide them with role models that will influence the rest of their lives. And we will.

These investments are as important as how many officers we have on the street in any given neighborhood.

There is not a single district commander who does not want to see more after school activities, mentors, summer jobs and safe passage routes in their districts.

With this budget, we will provide after school activities to an additional 15,000 students; bringing our citywide total to over 110,000 students.

It is a testament to the power of what Maggie Daley started in 1991 when she inspired Chicago to look out for our children after school and ensure every child has academic, athletic or artist activities that match their passion and potential.

Our responsibility to our children does not end when the school bell rings at the end of the day or end of the year.

With this budget, we will continue to strengthen summer jobs through One Summer Chicago.

With this budget, we will continue to expand Safe Passage routes to an additional 10 schools, helping protect nearly 80,000 children; a record high. So our students can focus on their studies on the way to and from school, not their safety.

With this budget, we will expand our investment in mentoring programs like Becoming a Man and Working on Womanhood so more young men and women in Chicago can look back on the decisions they make in high school with pride, rather than regret.

Today, we are ahead of schedule in providing mentors to every young man in 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> grade in our 20 most challenging neighborhoods.

I have joined several Becoming a Man sessions, including at Hyde Park Academy, where President Obama became acquainted with the BAM program. Before BAM came to Hyde Park Academy, 60 percent of their freshmen were heading to graduation. Today, it is North of 90.

I met a young man there, Germin Sims, who credits his mentor with helping him turn his life around. Today, Germin is a senior and he is applying to college. Any college would be lucky to have him. And we are lucky to have Germin in the Chamber with us this morning. His future is worth investing in.

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30 years ago this year, almost to the month, U.S. Secretary of Education William Bennett called Chicago Public Schools the worst in America. Whether we agreed with his conclusion or not, it forced us to face up to the problem.

Chicago students were being shortchanged. Chicago students were being held to lower standards. Chicago students' futures were being underfunded.

The problem was not with our children. Simply put, they were being overlooked and held back by a system that did not value their future. They were overlooked by a state funding formula that did not fully fund our schools. They were overlooked by a school system that permitted the shortest school day and year in the country. They were overlooked by a City that did not even provide universal full day Kindergarten.

But we looked our children squarely in the eye, and said that for you to live up to your full potential we must live up to our full responsibility to you.

That is why since 2011, we have invested more than 3.2 billion dollars in improvements at Chicago Public Schools.

Now, fewer and fewer students are learning in hallways and stairwells, and more are learning in modern classrooms, art rooms, computer labs, science labs, and athletic facilities. And every classroom in the city finally has air conditioning.

It is why every year since 2011, we have expanded International Baccalaureate, STEM schools, dual credit and dual enrollment in our community colleges, and Advanced Placement classes. Today, Chicago has the largest International Baccalaureate program in the country. Today, Chicago has among the largest dual credit, dual enrollment programs with community colleges in the country. Today, Chicago has one of the largest Advanced Placement programs in the country.

And every year since 2011, we have expanded access to Full Day Pre-K. This year, we will continue to do even more.

We will create five new early childhood education centers. More children will have spaces to learn and play during the day with an education that is totally focused on the early years. Complimentary to what we see in our neighborhood libraries.

More families will have access to high-quality Pre-K options in their neighborhoods. The same options all of us in this room want and do provide for our own children.

Our responsibilities to our children start before Kindergarten starts. Our responsibilities to our children also continue after high school ends.

High school graduation is not the end point anymore. It is a milestone along the way to success.

That is why Chicago is modernizing our education system.

We are moving from the old 20<sup>th</sup> century Kindergarten to High School system to what the 21<sup>st</sup> century requires: a Pre-K to College model.

The economy of tomorrow requires a post high school education, so our educational commitment today must reflect that necessity.

It is why Chicago was the first big city in America to make community college free if you earn a B average. The Chicago Star Scholarship is the only publicly funded full scholarship open to Dreamers in America. And 20 universities in Chicago and across Illinois now offer a discount on a 4-year degree if you keep that B average in community college.

In many ways, Chicago's education system has gone from a national laggard to a national leader.

Today, seven of the ten best high schools in Illinois are Chicago Public High Schools. Three of the ten best high schools in America are Chicago Public High Schools. Chicago's graduation rate has grown three and a half times faster the national average for the last five years. It has climbed from 56 percent in 2011 to 77 and a half percent last year.

Think about it for a second. A short time ago, we were averaging about one dropout for every one graduate. Now, according to the University of Chicago, nearly nine out of ten CPS high school freshmen are on track to graduate.

I want to thank the parents, the teachers, the principals, and most of all, the students of Chicago for all their hard work, progress and success. You are making our city proud.

The University of Chicago just released a study. They found four-year college enrollment by CPS graduates now matches the national average and leads New York City, Dallas, and Los Angeles.

And when Chicago students get to college, more of them are well prepared. Why? Because we are well on our way to ensuring that half of all high school graduates earn college and career credit while they are in high school. Those students are more prepared for the rigor of college when they get there, and their parents do not have to foot the bill for those college credits.

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Because Chicago has been willing to invest in our young people, invest in our future, and address our long-term fiscal challenges, businesses have shown the confidence to hire in Chicago, move to Chicago, invest in Chicago and start-up in Chicago.

We are generating jobs and growth not just in one part of Chicago, but in every part of Chicago.

In neighborhoods like Pullman, in Alderman Beale's ward. This January we will cut the ribbon on the new Whole Foods Midwest Distribution Center. It is moving to Chicago from Indiana. It will create 150 new jobs on Day One with more to come. It follows in the footsteps of other major suppliers that have moved to Pullman, including Method and Gotham Greens, and all of this builds on Pullman's new designation as a National Historic District.

In neighborhoods like Pilsen, in Alderman Solis's ward, where Preferred Freezer invested 45 million dollars in a new facility that creates new jobs in the community and supports business across Chicago. Another sign of the economic vitality and vibrancy of Pilsen.

In neighborhoods like Hegewisch, in Alderman Garza's ward, where a new rail car manufacturing facility is bringing 370 new jobs building modern trains cars for the CTA; the first time rail cars will be built in Chicago since the Pullman Factory closed in 1983.

In neighborhoods like Bronzeville, in Alderman King's ward, where a new Mariano's has created 400 jobs and features products from small businesses like Sweet Love in North Lawndale and 47 other local suppliers on their shelves.

And neighborhoods like West Humboldt Park, in Alderman Mitts' ward, where Freedman Seating is creating 300 more manufacturing jobs making new seats for the CTA. It is the first time those seats have ever been supplied by a Chicago company.

We are linking the record growth we see in our central business district to neighborhoods across the city, because we are One Chicago with one future. A few months ago, a number of you and I stood with small business owners from across the South, West and Southwest Sides. Businesses like Shawn Michelle's Homemade Ice Cream in Bronzeville, the Original Soul Vegetarian Restaurant in Chatham, and La Hacienda in Gage Park. 32 of them in all.

We were together in Lawndale to award the first round of \$3.2 million in grants from the Neighborhood Opportunity Fund. Something we created together.

Money from McDonald's relocation from Oak Brook to Chicago is flowing to neighborhood retail stores throughout the city. We just tapped another \$2.5 million in funding to help 25 more small businesses that make up our neighborhood economies hire and expand.

We all know that local arts and culture make our neighborhoods great places to call home. Local theaters attract neighborhood restaurants, coffee shops and nightlife. That is why, with this budget, we are going to eliminate taxes on neighborhood theaters and music venues. We will allow smaller theaters to thrive and give a hand to the local arts and culture that Chicago is famous for.

At the same time, we are going to raise the amusement tax for large venues and use those resources to support arts programs for our children.

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To create more jobs and the conditions for more small businesses to thrive we must continue to invest in transportation, from modernizing the CTA to paving more roads and bike lanes.

We are not going to wait for big ideas or resources from Washington or Springfield. It has been over a decade since we had an infrastructure bill from the state, and we all know the prospects for a Trump infrastructure bill do not look bright. But the City of Chicago cannot put our future on hold.

To continue to build a modern transportation system that works for all Chicagoans we will increase the fees on ride share companies. And we are going to use those resources to make

needed investments to modernize transportation in Chicago for every resident; whether you travel by car, train, bus or bike.

We will be the first city to tap the ride share industry for resources to modernize our transportation system.

The investments we make in transportation will serve Chicago residents, employers and employees today, tomorrow, and for years to come.

We will continue to make public investments, which we know lead to private investments.

There are more than 20 billion dollars in major building projects moving forward across Chicago; unprecedented investment by the private sector reflecting unprecedented confidence in Chicago's future.

There are 58 cranes in the sky, more than there have been in decades, building a new Chicago.

Industrial occupancy in Chicago just reached a 20-year peak.

Think about this:

Every year for the last four years, more companies have moved to Chicago than to any other American city.

Every year for the last five years, investors from around the world have invested more in Chicago than in any other American city.

And over the last six years, Chicago's economy has grown faster than the economies of New York City, Washington, DC or the national average.

Chicago has attracted 120,000 new jobs in the last six years. We have cut unemployment nearly in half.

The steady stream of companies choosing to relocate to Chicago is not stopping or slowing down. Just yesterday, Walgreens announced they are moving their digital team to Chicago, bringing 300 more jobs to the city. Mars Foods just announced they are moving their North American Headquarters from Los Angeles to Chicago. They now have 1,200 employees at their Goose Island campus.

They recognize what we already know. What ConAgra, Coeur Mining and GE Healthcare recognized when they moved their headquarters from Omaha, outside Boise, and London.

Chicago has the most talented workforce at every level. Chicago has the most diversified economy of any major city.

Chicago is now the best-educated big city in America. We are home to a larger share of college graduates than New York City, Los Angeles, Houston or Philadelphia.

AT Kearney's Global Cities ranking of 128 cities ranks Chicago as the seventh most competitive city in the world, and the second most competitive city in North America.

We cannot rest on that ranking. If you want that future, you have to invest in that future. And we will, with this budget.

As we all know, more investment means more business and jobs for our residents and more revenues for our city to invest in the future. It helps turn the vicious cycle of poverty and crime into a virtuous one of jobs and growth. It helps create inclusive growth, so every part of Chicago can make progress together.

A new McDonald's Headquarters in Fulton Market can help finance improvements to a bakery in Bronzeville or a floral shop in Roseland. New headquarters by Kraft Heinz and ConAgra can help fund the Hatchery in East Garfield Park, a new shared innovation space for Chicago's next entrepreneurs. And a new Whole Foods in Englewood can feature products from small businesses like Tea Squares in Chatham and 34 other local suppliers on their shelves.

Ensuring that as Chicago grows, we grow together.

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Progress is never easy. But it is always worth fighting for.

When Secretary William Bennett said Chicago had the worst school system in the country, that problem was seen as intractable. He also said it would take a person of steel to make progress. Well, he must not have met Chicago's students and teachers. They proved him wrong. Today, Chicago leads the country in academic growth.

Chicagoans did what we have always done.

We showed that progress is possible. We rejected conventional wisdom that said improving our schools was hopeless.

Chicagoans have always risen to overcome any obstacle.

Chicago is the City that rose from the ashes of a fire to not only rebuild, but invent the modern skyscraper.

Chicago is the City that reversed the flow of the River and became the capital of commerce in the century known as American Century.

Chicago is the city where a community organizer could come after college to start a career, return after law school to start a family, and go on to become the President of the United States of America because Chicago believed in him and he believed in Chicago.

Every time Chicago confronts a challenge head-on, we come out on top. We rewrite the rule book.

And that is why I am convinced that we will rise to meet the challenge of gun violence in our city. That process is underway. It will not happen overnight, because the problem was not created overnight. It will take a continuing commitment from all of us, both in this room and outside this room.

This budget reflects that commitment. Make no mistake about it. Rising to meet challenges is what Chicago does. We reinvest. We reinvent. We reimagine what is possible and then go about making it a reality.

Back in 1883, when no less an astute observer than Mark Twain visited Chicago, he noted, “It is hopeless for the visitor to try to keep up with Chicago. She outgrows his prophecies faster than he can make them.”

With this budget, we can build on Chicago’s long, legendary legacy of growth.

With this budget, we can increase investments in public safety, public education and quality neighborhoods because we have been disciplined in our public finances.

With this budget, we can work towards a brighter future for all the residents who live here, all the immigrants from around the world who still see a beacon of hope here, and all the children and young people who are growing up here and will inherit this great city that we love.

Thank you. God bless you, and God bless the City of Chicago.